

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2356 – SB 2218

February 22, 2012

SUMMARY OF AMENDMENTS (013018, 012693, 013318): Authorizes multi-step sealed bidding for any acquisition, subject to the approval of the Chief Procurement Officer, rather than the Board of Standards. Authorizes competitive negotiation for contracts when the Chief Procurement Officer deems such is in the state's best interest. Requires approval notices for use of sealed bidding or competitive negotiation to be posted on the Procurement Office's website. Increases from \$25,000 to \$50,000, the maximum amount for delegated purchases made by a department. Increases from \$15,000 to \$50,000, the maximum amount for service contracts entered into at the procuring department level. Requires specified information regarding all procurements and contracts for service to be posted on the Procurement Office's website. Requires the Chief Procurement Officer, rather than the Commissioner of the Department of General Services (TDGS), to approve contracts exceeding \$50,000. Changes the effective date from upon becoming law to April 1, 2012. Requires, for procurements valued between \$25,000 and \$50,000, that departments and agencies actively solicit bids and proposals from minority-owned, woman-owned, Tennessee service-disabled veteran owned, and small businesses.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- According to TDGS, the number of contracts overseen by the Central Procurement Office (CPO) will decrease as a result of this bill.
- According to TDGS, for FY10-11, the CPO oversaw 76 contracts valued between \$25,000.01 and \$50,000. These contracts will now be handled by the department procuring the goods.
- According to TDGS, enactment of this bill will not result in layoffs by the CPO. Employees currently responsible for the affected contracts will be reassigned to statewide contracts for goods and services.

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- The 76 contracts will be disbursed across multiple state departments and agencies. Any increase in expenditures at the department level will be considered not significant because the number of contracts that any one department or agency receives will be minimal and can be handled within existing resources without an increased appropriation or reduced reversion.
- The required information can be placed on the Procurement Office's website utilizing existing resources without an increased appropriation or reduced reversion.
- Based upon information provided by the CPO, changing the effective date and requiring the solicitation of bids and proposals from disadvantaged business enterprises will not affect current policies and procedures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/sbh